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RUEATRS/DEPT OF TREASURY WASHINGTON DC
RHMFIUU/DEPT OF HOMELAND SECURITY WASHINGTON DC
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RULSDMK/DEPT OF TRANSPORTATION WASHDC
RUEAWJA/DEPT OF JUSTICE WASHINGTON DC
RUEHRC/DEPT OF AGRICULTURE WASHDC
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UNCLAS SECTION 01 OF 02 BEIJING 005502

SIPDIS

STATE PASS CONSUMER PRODUCTS SAFETY COMMISSION LAURIE HOPKINS/INTL
PROGRAMS
HHS FOR OGHA/STEIGER AND PASS TO FDA/LUMPKIN
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COMMERCE FOR ITA/HIJIKATA
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SENSITIVE
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E.O. 12958: N/A
TAGS: [ECON](#) [ETRD](#) [PREL](#) [CH](#)
SUBJECT: AQSIQ INVESTIGATING SOURCE OF LEAD PAINT IN GUANGDONG "LEE
DER" TOY CASE

REF: A. Guangzhou 887

[1](#)B. Guangzhou 911

[1](#)1. (SBU) SUMMARY: General Administration of Quality Supervision, Inspection, and Quarantine (AQSIQ) General Director Wang Xin told econoffs August 14 that AQSIQ was investigating the paint pigment that Foshan Lee Der Company (Li Da) acquired from a supplier for the manufacturing of Mattel Fisher Price toys, which were recalled in the United States on August 2. The pigment appeared to have been certified by the Swiss verification firm SGS as lead-free, but, according to AQSIQ, the certificate was either fraudulent or issued in error. (In other reporting (Ref. A), Mattel officials indicated that they believed the certificate was fake.) Wang said that AQSIQ has issued internal guidance to local authorities to tighten inspection procedures, in particular by increasing the sample size in random checks, in order to help ensure that all products exported are safe. In these particular cases, he said, it was the raw materials that caused problems, not the manufacturer's lack of awareness of the greater importance of product safety. Wang assured Econ Mincouns that AQSIQ personnel were working hard to ensure the safety of China's exports, and expressed frustration about the continued negative portrayals of Chinese exports in foreign press. Regarding the September U.S.-Sino Consumer Product Safety Summit, Wang said that the Chinese delegation would include 15 government officials from AQSIQ and municipal inspection teams, as well as 22 company representatives. Mincouns expressed the United States' strong support for continued close cooperation between AQSIQ and the U.S. Consumer Products Safety Commission (CPSC) and for a successful, results-oriented Product Safety Summit. (Note: This meeting took place 12 hours before the August 14 CPSC press conference announcing a second Mattel recall, which had not yet been disclosed to AQSIQ.) END SUMMARY.

AQSIQ INVESTIGATES LEAD PAINT
USED BY FOSHAN LEE DER COMPANY

12. (SBU) General Administration of Quality Supervision, Inspection, and Quarantine (AQSIQ) General Director Wang Xin told econoffs August 14 that AQSIQ was investigating the paint pigment that Foshan Lee Der Company (Li Da) acquired from a supplier for the manufacturing of Mattel Fisher Price toys, which were recalled in the United States on August 2. The pigment appeared to have been certified by the Swiss verification firm SGS as lead-free, but, according to AQSIQ, the certificate was either fraudulent or issued in error. The investigation is still ongoing. Wang expressed concern that "even counterfeiters know they need a fake certificate," referring to the challenges that inspectors now face in tracking violations.

13. (SBU) Wang insisted that "all companies" exporting products to the United States are checked to ensure they meet U.S. safety requirements, and random sampling helps ensure that. In these particular cases, he said, it was the raw materials that caused problems, not the manufacturer's lack of awareness of the greater importance of product safety. He assured econoffs that both the lead paint and the molds used to manufacture the toys at Lee Der have been removed from the factory premises. Wang added that, to deal with this problem, AQSIQ was developing an internal document, "Notification on Increasing Testing of Lead Content in Toy Products for Export to the United States." Although he had a copy of the document in front of him during the meeting, he declined to share it with econoffs. He characterized it as internal guidance to local authorities to tighten inspection procedures, in particular by increasing the sample size in random checks, in order to help ensure that all products exported are safe.

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14. (SBU) Asked by Mincouns if China would expand its recall system to include items beyond food and automobiles, Wang Xin said that his own view was that China would "eventually" head in that direction, "but not yet." He did not indicate into which areas the recall system might expand.

WANG REGRETS BAD PRESS
ABOUT CHINESE EXPORTS

15. (SBU) Wang insisted that China places great importance on the safety of both domestic products and exports, but noted that no country mandates inspections for every single exported item. China could not possibly inspect all its outbound goods. Furthermore, Wang said he understood "clearly" the U.S. Consumer Product Safety Commission (CPSC) recall process and that recalls are commonplace. Still, he regretted that "Made in China" was coming to mean "recall" through the unconstructive attention of the foreign press. China is working hard to address the problem, he declared, and has the regulatory systems in place to do so, a fact that should be acknowledged. Mincouns said that he understood China was making great efforts in this area, and that we have common interests in ensuring a strong regulatory system in China.

AQSIQ CLOSES FACTORIES
IN SPITE OF JOB LOSSES

16. (SBU) Wang spoke at length about the extent to which AQSIQ had gone to shut down violators, noting the significant loss of jobs that had occurred at the Lee Der factory after the August 2 recall and also at the RC2 factory after the June recall of Thomas the Train toy sets. At Lee Der, which had a 10 year relationship with Mattel, over 2,000 employees were now jobless. At RC2, 1,200 employees lost their jobs, although 500 people were still employed in a clean-up project. Wang also questioned the scope of the RC2 recall, which covered toys manufactured over a two-year period. The lead paint, he claimed, was only used on the production line for five months and was only applied on the red "stop sign" piece in the toy set, not on other pieces. But he acknowledged that there was no

way to identify which sets contained the defective pieces.

PARTICIPATION AT THE U.S.-SINO
CONSUMER PRODUCT SAFETY SUMMIT

17. (SBU) Regarding the September U.S.-Sino Consumer Product Safety Summit in Maryland, Wang said that AQSIQ Vice Minister Wei Chuangzhong, himself, and 13 others from the Chinese and local governments will attend, on top of representatives from 22 companies and industry associations. Minister Li Changjiang will not be able to attend.

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